

**BOARD OF COUNTY COMMISSIONERS  
AGENDA ITEM SUMMARY**

**Meeting Date:** October 19, 2005

**Division:** Monroe County Housing Authority

**Bulk Item:** Yes X No     

**Department:** Special Programs Office

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**AGENDA ITEM WORDING:** A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF MONROE COUNTY, FLORIDA PROVIDING FOR A SUBORDINATION OF MORTGAGE FOR PROPERTY ENCUMBERED BY A MORTGAGE TO MONROE COUNTY IN CONJUNCTION WITH THE MONROE COUNTY STATE HOUSING INITIATIVES PARTNERSHIP (SHIP) PROGRAM.

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**ITEM BACKGROUND:** In December, 2002, the Monroe County SHIP Program provided funding in the amount of \$75,000 in conjunction with the construction of the project known as Tradewinds Hammocks - Phase 1, a 66 unit affordable housing community located at Samson Road, Key Largo, Florida. In consideration of SHIP funding, the property is subject to a mortgage to Monroe County in the amount of \$75,000. 1/15<sup>th</sup> of the principal balance is forgiven annually and the current principal balance is \$70,000. The Owner requests a Subordination of Mortgage in order to refinance the existing primary mortgage and therefore intending to sell, transfer and deliver the First Mortgage Note and assign the First Mortgage to Fannie Mae.

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**PREVIOUS RELEVANT BOCC ACTION:** N/A

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**CONTRACT/AGREEMENT CHANGES:** N/A

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**STAFF RECOMMENDATION:** Approval

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TOTAL COST: \$-0- BUDGETED: Yes      No X

COST TO COUNTY: \$-0- SOURCE OF FUNDS: N/A

REVENUE PRODUCING: Yes      No X AMOUNT PER: Month      Year     

APPROVED BY: Rec'd 10/3 County Attny. [Signature] OMB/Purchasing      Risk Management     

DIVISION DIRECTOR APPROVAL:

[Signature]  
J. Manuel Castillo, Sr., Executive Director  
Monroe County Housing Authority

DOCUMENTATION: Included X To Follow      Not Required     

DISPOSITION:      AGENDA ITEM #

**RESOLUTION \_\_\_\_\_ - 2005**

**A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF MONROE COUNTY, FLORIDA PROVIDING FOR A SUBORDINATION OF MORTGAGE FOR PROPERTY ENCUMBERED BY A MORTGAGE TO MONROE COUNTY IN CONJUNCTION WITH THE MONROE COUNTY STATE HOUSING INITIATIVES PARTNERSHIP (SHIP) PROGRAM.**

WHEREAS, the Monroe County State Housing Initiatives Partnership Program contributed funding in the amount of \$75,000 for in connection with the construction of 66 affordable housing units located at Samson Road, Key Largo, Florida, and;

WHEREAS, in consideration of said funding Monroe County placed a subordinate (2<sup>nd</sup> position) mortgage lien on the property for a term of fifteen (15) years subject to a forgiveness of principal at the rate of 15% annually, with a remaining principal balance of \$70,000, and;

WHEREAS, the Borrower now desires to refinance the existing primary mortgage, in the original principal amount to be secured by a first mortgage lien on a multifamily housing project located on Samson Road, Key Largo, Florida, and;

WHEREAS, the Borrower has requested the Senior Lender to allow the Subordinate Lender to maintain a subordinate loan to Borrower in the amount of \$75,000 and having a mortgage lien against the property, and;

WHEREAS, the Senior Lender has agreed to permit the Subordinate Lender to maintain the Subordinate Loan and to have a subordinate mortgage lien against the property subject to all the conditions contained in the Subordination Agreement, and;

WHEREAS, the Senior Lender intends to sell, transfer and deliver the First Mortgage Note and assign the First Mortgage to Fannie Mae.

NOW, THEREFORE, BE IT RESOLVED, by the Board of County Commissioners of Monroe County, Florida, that the County hereby:

*Hereby authorizes the County Administrator to execute a Subordination Agreement, attached hereto as "Exhibit A".*

PASSED AND ADOPTED, by the Board of County Commissioners of Monroe County, Florida at a regular meeting on said Board on the \_\_\_\_\_ day of \_\_\_\_\_, A.D., 2005

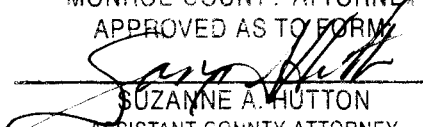
BOARD OF COUNTY COMMISSIONERS  
OF MONROE COUNTY, FLORIDA

Mayor Spehar \_\_\_\_\_  
Commissioner Nelson \_\_\_\_\_  
Commissioner Neugent \_\_\_\_\_  
Commissioner McCoy \_\_\_\_\_  
Commissioner Rice \_\_\_\_\_

By: \_\_\_\_\_  
Mayor Spehar

SEAL  
ATTEST:

Approved as to form: \_\_\_\_\_ Date: \_\_\_\_\_

MONROE COUNTY ATTORNEY  
APPROVED AS TO FORM  
  
SUZANNE A. HUTTON  
ASSISTANT COUNTY ATTORNEY  
Date: 10/03/05

## **ALLONGE TO PROMISSORY NOTE**

**THIS ALLONGE TO PROMISSORY NOTE** ("Allonge") is made effective as of the \_\_\_\_\_ day of \_\_\_\_\_, 2005 by **TRADEWINDS HAMMOCKS, LTD.**, a Florida limited partnership, whose address is 5505 North Atlantic Avenue, Suite 115, Cocoa Beach, Florida 32931 ("Borrower"), to and for the benefit of the **COUNTY OF MONROE**, whose address is 500 Whitehead Street, Key West, Florida 33040 ("Holder").

### **WITNESSETH:**

**WHEREAS**, Borrower is indebted to the Holder pursuant to, and in accordance with, that certain Promissory Note dated effective as of December 3, 2002 in the principal amount of \$75,000 executed by Borrower in favor of the Holder ("Note").

**WHEREAS**, the Note is secured by that certain Mortgage dated December 3, 2002, and recorded in Official Records Book 1841, page 544 and re-recorded in Official Records Book 1880, page 1208, of the Public Records of Monroe County, Florida, given by Borrower in favor of Holder (the "Mortgage"), which Mortgage has or is being recorded in the recorders office for the County of Monroe, Florida and encumbers certain property located in the City of Key Largo, Monroe County, Florida, as more particularly described therein ("Development").

**WHEREAS**, Borrower is executing and delivering this Allonge in order to confirm the fact that the Note and Mortgage are subordinate to that certain Multifamily Note in the principal amount of \$\_\_\_\_\_ dated effective as of \_\_\_\_\_, 2005 ("Multifamily Note") given by Borrower in favor of MMA Mortgage Investment Corporation, a Florida corporation ("Senior Lender"), and that certain Multifamily Mortgage, Assignment of Rents and Security Agreement ("Multifamily Mortgage") dated effective as of \_\_\_\_\_, 2005 given by Borrower in favor of Senior Lender, which encumbers the Development and has been or is being recorded in the Monroe County Records, pursuant to a Subordination Agreement among Borrower, Senior Lender and Holder to be recorded in the recorders office of Monroe County.

**NOW, THEREFORE**, the Borrower ratifies the Note and agrees as follows:

1. This Allonge is to be physically attached to the Note and is incorporated into and forms a part of the Note.
2. All references in the Note and the Mortgage to the term "Note" shall mean the Note as amended and endorsed by this Allonge.
3. The note is hereby amended adding the following:  
  
"The indebtedness evidenced by this Note is and shall be subordinate in right of payment to the prior payment in full of the indebtedness evidenced by that certain Multifamily Note dated as of \_\_\_\_\_, 2005, in the original principal

amount of \$1,501,000 issued by Tradewinds Hammocks, Ltd., a Florida limited partnership ("Borrower"), payable to MMA Mortgage Investment Corporation ("Senior Lender"), or order, to the extent and in the manner provided in that certain Subordination Agreement dated effective as of \_\_\_\_\_, 2005 entered into among the payee of this Note, Senior Lender and Borrower (the "Subordination Agreement"). The Mortgage securing this Note is and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the Multifamily Mortgage securing the Multifamily Note as more fully set forth in the Subordination Agreement. The rights and remedies of the payee and each subsequent holder of this Note under the Mortgage securing this Note are subject to the restrictions and limitations set forth in the Subordination Agreement. Each subsequent holder of this Note shall be deemed, by virtue of such holder's acquisition of the Note, to have agreed to perform and observe all of the terms, covenants and conditions to be performed or observed by the Subordinate Lender under the Subordination Agreement."

4. The Note is further amended by adding the following:

"Notwithstanding anything to the contrary in this Note, in the Mortgage or in any other instrument evidencing or securing the obligations of the Borrower under this Note, the Holder hereof expressly agrees that: (i) there shall be no personal liability of the Borrower or its partners under this Note, under the Mortgage and under any other instrument given to evidence or secure the obligations of the Borrower under this Note; (ii) the liability of the Borrower shall be strictly and absolutely limited to the property secured by the Mortgage and the rents, profits, issues, products and proceeds from the Development; and (iii) in the event a default shall occur under this Note or with respect to the indebtedness evidenced by this Note, the Holder hereof shall not seek any judgment for a deficiency against the Borrower or the partners, legal representatives, successors or assigns of the Borrower, in any action to foreclose, to exercise a power of sale, to confirm any foreclosure or sale under power of sale, or to exercise any other rights or powers, under or by reason of the Mortgage or any other instrument evidencing or securing the obligations of the Borrower under this Note."

5. Except as amended hereby, the Note is restated and republished in its entirety and remains in full force and effect and shall be binding upon Borrower, its representatives, successors and assigns.

**IN WITNESS WHEREOF**, Borrower has executed this Allonge as of the date and year first written.

BORROWER:

**TRADEWINDS HAMMOCKS, LTD.**,  
a Florida limited partnership

By: Heritage Partners Group XIX, Inc.,  
a Florida corporation  
Its: General Partner

By: \_\_\_\_\_

Its: \_\_\_\_\_

Delivery acknowledged and accepted this \_\_\_\_\_ day of \_\_\_\_\_, 2005 by  
the County of Monroe.

**COUNTY OF MONROE**

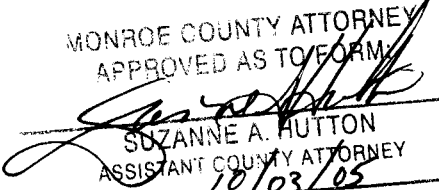
By: \_\_\_\_\_

Its: \_\_\_\_\_

(SEAL)  
ATTEST: DANNY L. KOLHAGE, CLERK

BY \_\_\_\_\_  
DEPUTY CLERK

DETROIT.601810.4

MONROE COUNTY ATTORNEY  
APPROVED AS TO FORM:  
  
SUZANNE A. HUTTON  
ASSISTANT COUNTY ATTORNEY  
Date 10/03/05

THIS INSTRUMENT PREPARED BY,  
RECORDED AND RETURN TO:  
Roberta R. Russ, Esq.  
Honigman Miller Schwartz and Cohn LLP  
660 Woodward Avenue  
2290 First National Building  
Detroit, MI 48226

(Reserved)

### SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this "Agreement") is entered into this \_\_\_\_ day of \_\_\_\_\_, 2005 by and among (i) **MMA MORTGAGE INVESTMENT CORPORATION**, a Florida corporation whose address is 33 North Garden Avenue, Suite 1200, Clearwater, Florida 33755 (the "Senior Lender"), (ii) **COUNTY OF MONROE**, whose address is 500 Whitehead Street, Key West, Florida 33040 (the "Subordinate Lender"), and (iii) **TRADEWINDS HAMMOCKS, LTD.**, a Florida limited partnership whose address is 5505 North Atlantic Avenue, Suite 115, Cocoa Beach, Florida 32931 (the "Borrower").

#### Recitals

A. The Senior Lender has made or is making a loan (the "First Mortgage Loan") to the Borrower in the original principal amount of \$1,501,000. The First Mortgage Loan is or will be secured by a first mortgage lien (the "First Mortgage") on a multifamily housing project located in City of Key Largo, Monroe County, Florida (the "Property"). The Property is more fully described in Exhibit A attached hereto. The Borrower's obligation to repay the First Mortgage Loan is evidenced by a Multifamily Note dated \_\_\_\_\_, 2005 (the "First Mortgage Note"), and is due in full on September 1, 2033.

B. The Borrower has requested the Senior Lender to allow the Subordinate Lender to maintain a subordinate loan to Borrower in the amount of \$75,000.00 (the "Subordinate Loan") and to secure the Subordinate Loan by, among other things, having a mortgage lien against the Property.

C. The Senior Lender has agreed to permit the Subordinate Lender to maintain the Subordinate Loan and to have a subordinate mortgage lien against the Property subject to all of the conditions contained in this Agreement.

D. The Senior Lender intends to sell, transfer and deliver the First Mortgage Note and assign the First Mortgage to Fannie Mae.

NOW, THEREFORE, in order to induce the Senior Lender to permit the Subordinate Lender to maintain the Subordinate Loan to the Borrower and to have a subordinate mortgage lien against the Property, and in consideration thereof, the Senior Lender, the Subordinate Lender and the Borrower agree as follows:

**1. Definitions.**

In addition to the terms defined in the Recitals to this Agreement, for purposes of this Agreement the following terms have the respective meanings set forth below:

"Affiliate" means, when used with respect to a Person, any corporation, partnership, joint venture, limited liability company, limited liability partnership, trust or individual controlled by, under common control with, or which controls such Person (the term "control" for these purposes shall mean the ability, whether by the ownership of shares or other equity interests, by contract or otherwise, to elect a majority of the directors of a corporation, to make management decisions on behalf of, or independently to select the managing partner of, a partnership, or otherwise to have the power independently to remove and then select a majority of those individuals exercising managerial authority over an entity, and control shall be conclusively presumed in the case of the ownership of 50% or more of the equity interests).

"Borrower" means the Person named as such in the first paragraph of this Agreement and any other Person (other than the Senior Lender) who acquires title to the Property after the date of this Agreement.

"Business Day" means any day other than Saturday, Sunday or a day on which the Senior Lender is not open for business.

"Default Notice" means: (a) a copy of the written notice from the Senior Lender to the Borrower stating that a First Mortgage Loan Default has occurred under the First Mortgage Loan; or (b) a copy of the written notice from the Subordinate Lender to the Borrower stating that a Subordinate Loan Default has occurred under the Subordinate Loan. Each Default Notice shall specify the default upon which such Default Notice is based.

"First Mortgage Loan Default" means the occurrence of an "Event of Default" as that term is defined in the First Mortgage Loan Documents.

"First Mortgage Loan Documents" means the First Mortgage Note and all other documents evidencing, securing or otherwise executed and delivered in connection with the First Mortgage Loan.

"Person" means an individual, estate, trust, partnership, corporation, limited liability company, limited liability partnership, governmental department or agency or any other entity which has the legal capacity to own property.

"Senior Lender" means the Person named as such in the first paragraph on page 1 of this Agreement. When Fannie Mae or any other Person becomes the legal holder of

the First Mortgage Note, Fannie Mae or such other Person shall automatically become the Senior Lender.

"Subordinate Lender" means the Person named as such in the first paragraph on page 1 of this Agreement and any other Person who becomes the legal holder of the Subordinate Note after the date of this Agreement.

"Subordinate Loan Default" means a default by the Borrower in performing or observing any of the terms, covenants or conditions in the Subordinate Loan Documents to be performed or observed by it, which continues beyond any applicable period provided in the Subordinate Loan Documents for curing the default.

"Subordinate Loan Documents" means the Subordinate Note, the Subordinate Mortgage, and all other documents evidencing, securing or otherwise executed and delivered in connection with the Subordinate Loan.

"Subordinate Mortgage" means the mortgage or deed of trust encumbering the Property as security for the Subordinate Loan, which the Subordinate Lender caused to be recorded in O.R. Book 1841, Page 544 and re-recorded in O.R. Book 1880, Page 1208 of the Public Records of Monroe County, Florida.

"Subordinate Note" means that certain Promissory Note dated December 3, 2002, as amended by that certain Allonge to Promissory Note of even date herewith issued by the Borrower to the Subordinate Lender, or order, to evidence the Subordinate Loan.

## **2. Permission to Place Mortgage Lien Against Property.**

The Senior Lender agrees, notwithstanding the prohibition against inferior liens on the Property contained in the First Mortgage Loan Documents and subject to the provisions of this Agreement, to permit the Subordinate Lender have the recorded Subordinate Mortgage and other recordable Subordinate Loan Documents against the Property (which are subordinate in all respects to the lien of the First Mortgage) to secure the Borrower's obligation to repay the Subordinate Note and all other obligations, indebtedness and liabilities of the Borrower to the Subordinate Lender under and in connection with the Subordinate Loan. Such permission is subject to the condition that each of the representations and warranties made by the Borrower and the Subordinate Lender in Section 3 is true and correct on the date of this Agreement and on the date on which the proceeds of the Subordinate Loan are disbursed to the Borrower. If any of the representations and warranties made by the Borrower and the Subordinate Lender in Section 3 is not true and correct on both of those dates, the provisions of the First Mortgage Loan Documents applicable to unpermitted liens on the Property shall apply.

## **3. Borrower's and Subordinate Lender's Representations and Warranties.**

The Borrower and the Subordinate Lender each makes the following representations and warranties to the Senior Lender:



**(a) Subordinate Note.** The Subordinate Note contains the following provision:

The indebtedness evidenced by this Note is and shall be subordinate in right of payment to the prior payment in full of the indebtedness evidenced by a Multifamily Note dated as of \_\_\_\_\_, 2005 in the original principal amount of \$1,501,000 issued by Tradewinds Hammocks, Ltd. ("Borrower") and payable to MMA Mortgage Investment Corporation ("Senior Lender"), or order, to the extent and in the manner provided in that certain Subordination Agreement dated effective as of \_\_\_\_\_, 2005 entered into among the payee of this Note, and the Senior Lender and Borrower (the "Subordination Agreement"). The Mortgage securing this Note is and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the Multifamily Mortgage securing the Multifamily Note as more fully set forth in the Subordination Agreement. The rights and remedies of the payee and each subsequent holder of this Note under the Mortgage securing this Note are subject to the restrictions and limitations set forth in the Subordination Agreement. Each subsequent holder of this Note shall be deemed, by virtue of such holder's acquisition of the Note, to have agreed to perform and observe all of the terms, covenants and conditions to be performed or observed by the Subordinate Lender under the Subordination Agreement.

**(b) Relationship of Borrower to Subordinate Lender and Senior Lender.** The Subordinate Lender is not an Affiliate of the Borrower and is not in possession of any facts which would lead it to believe that the Senior Lender is an Affiliate of the Borrower.

**(c) Term.** The term of the Subordinate Note does not end before the term of the First Mortgage Note.

**(d) Subordinate Loan Documents.** The executed Subordinate Loan Documents are substantially in the same forms as those submitted to, and approved by, Fannie Mae prior to the date of this Agreement. Upon execution and delivery of the Subordinate Loan Documents, Borrower shall deliver to Senior Lender an executed copy of each of the Subordinate Loan Documents, certified to be true, correct and complete.

**(e) Senior Loan Documents.** The executed Senior Loan Documents are substantially in the same forms as, when applicable, those submitted to, and approved by, Fannie Mae prior to the date of this Agreement. Upon execution and delivery of the Senior Loan Documents, Borrower shall deliver to Subordinate Lender an executed copy of each of the Senior Loan Documents, certified to be true, correct and complete.

#### **4. Terms of Subordination.**

**(a) Agreement to Subordinate.** The Senior Lender and the Subordinate Lender agree that: (i) the indebtedness evidenced by the Subordinate Loan Documents

is and shall be subordinated in right of payment, to the extent and in the manner provided in this Agreement to the prior payment in full of the indebtedness evidenced by the First Mortgage Loan Documents, and (ii) the Subordinate Mortgage and the other Subordinate Loan Documents are and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Mortgage and the other First Mortgage Loan Documents and to all advances heretofore made or which may hereafter be made pursuant to the First Mortgage and the other First Mortgage Loan Documents (including but not limited to, all sums advanced for the purposes of (1) protecting or further securing the lien of the First Mortgage, curing defaults by the Borrower under the First Mortgage Loan Documents or for any other purpose expressly permitted by the First Mortgage, or (2) constructing, renovating, repairing, furnishing, fixturing or equipping the Property).

**(b) Subordination of Subrogation Rights.** The Subordinate Lender agrees that if, by reason of its payment of real estate taxes or other monetary obligations of the Borrower, or by reason of its exercise of any other right or remedy under the Subordinate Loan Documents, it acquires by right of subrogation or otherwise a lien on the Property which (but for this subsection) would be senior to the lien of the First Mortgage, then, in that event, such lien shall be subject and subordinate to the lien of the First Mortgage.

**(c) Payments Before First Mortgage Loan Default.** Until the Subordinate Lender receives a Default Notice of a First Mortgage Loan Default from the Senior Lender, the Subordinate Lender shall be entitled to retain for its own account all payments made under or pursuant to the Subordinate Loan Documents.

**(d) Payments After First Mortgage Loan Default.** The Borrower agrees that, after it receives notice (or otherwise acquires knowledge) of a First Mortgage Loan Default, it will not make any payments under or pursuant to the Subordinate Loan Documents (including but not limited to principal, interest, additional interest, late payment charges, default interest, attorney's fees, or any other sums secured by the Subordinate Mortgage) without the Senior Lender's prior written consent. The Subordinate Lender agrees that, after it receives a Default Notice from the Senior Lender with written instructions directing the Subordinate Lender not to accept payments from the Borrower on account of the Subordinate Loan, it will not accept any payments under or pursuant to the Subordinate Loan Documents (including but not limited to principal, interest, additional interest, late payment charges, default interest, attorney's fees, or any other sums secured by the Subordinate Mortgage) without the Senior Lender's prior written consent. If the Subordinate Lender receives written notice from the Senior Lender that the First Mortgage Loan Default which gave rise to the Subordinate Lender's obligation not to accept payments has been cured, waived, or otherwise suspended by the Senior Lender, the restrictions on payment to the Subordinate Lender in this Section 4 shall terminate, and the Senior Lender shall have no right to any subsequent payments made to the Subordinate Lender by the Borrower prior to the Subordinate Lender's receipt of a new Default Notice from the Senior Lender in accordance with the provisions of this Section 4(d).

**(e) Remitting Subordinate Loan Payments to Senior Lender.** If, after the Subordinate Lender receives a Default Notice from the Senior Lender in accordance with subsection (d) above, the Subordinate Lender receives any payments under the Subordinate Loan Documents, the Subordinate Lender agrees that such payment or other distribution will be received and held in trust for the Senior Lender and unless the Senior Lender otherwise notifies the Subordinate Lender in writing, will be promptly remitted, in kind to the Senior Lender, properly endorsed to the Senior Lender, to be applied to the principal of, interest on and other amounts due under the First Mortgage Loan Documents in accordance with the provisions of the First Mortgage Loan Documents. By executing this Agreement, the Borrower specifically authorizes the Subordinate Lender to endorse and remit any such payments to the Senior Lender, and specifically waives any and all rights to have such payments returned to the Borrower or credited against the Subordinate Loan. Borrower and Senior Lender acknowledge and agree that payments received by the Subordinate Lender, and remitted to the Senior Lender under this Section 4, shall not be applied or otherwise credited against the Subordinate Loan, nor shall the tender of such payment to the Senior Lender waive any Subordinate Loan Default which may arise from the inability of the Subordinate Lender to retain such payment or apply such payment to the Subordinate Loan.

**(f) Agreement Not to Commence Bankruptcy Proceeding.** The Subordinate Lender agrees that during the term of this Agreement it will not commence, or join with any other creditor in commencing any bankruptcy reorganization, arrangement, insolvency or liquidation proceedings with respect to the Borrower, without the Senior Lender's prior written consent.

## **5. Default Under Subordinate Loan Documents.**

**(a) Notice of Default and Cure Rights.** The Subordinate Lender shall deliver to the Senior Lender a Default Notice within five Business Days in each case where the Subordinate Lender has given a Default Notice to the Borrower. Failure of the Subordinate Lender to send a Default Notice to the Senior Lender shall not prevent the exercise of the Subordinate Lender's rights and remedies under the Subordinate Loan Documents, subject to the provisions of this Agreement. The Senior Lender shall have the right, but not the obligation, to cure any Subordinate Loan Default within 60 days following the date of such notice; provided, however that the Subordinate Lender shall be entitled, during such 60-day period, to continue to pursue its rights and remedies under the Subordinate Loan Documents. All amounts paid by the Senior Lender in accordance with the First Mortgage Loan Documents to cure a Subordinate Loan Default shall be deemed to have been advanced by the Senior Lender pursuant to, and shall be secured by the lien of, the First Mortgage.

**(b) Subordinate Lender's Exercise of Remedies After Notice to Senior Lender.** If a Subordinate Loan Default occurs and is continuing, the Subordinate Lender agrees that, without the Senior Lender's prior written consent, it will not commence foreclosure proceedings with respect to the Property under the Subordinate Loan Documents or exercise any other rights or remedies it may have under the Subordinate Loan Documents, including, but not limited to accelerating the Subordinate Loan, collecting rents, appointing (or seeking the appointment of) a receiver or

exercising any other rights or remedies thereunder unless and until it has given the Senior Lender at least 60 days' prior written notice; during such 60 day period, however, the Subordinate Lender shall be entitled to exercise and enforce all other rights and remedies available to the Subordinate Lender under the Subordinate Loan Documents and/or under applicable laws, including without limitation, rights to enforce covenants and agreements of the Borrower relating to income, rent, or affordability restrictions contained in the Land Use Restriction Agreement.

**(c) Cross Default.** The Borrower and the Subordinate Lender agree that a Subordinate Loan Default shall constitute a First Mortgage Loan Default under the First Mortgage Loan Documents and the Senior Lender shall have the right to exercise all rights or remedies under the First Mortgage Loan Documents in the same manner as in the case of any other First Mortgage Loan Default. If the Subordinate Lender notifies the Senior Lender in writing that any Subordinate Loan Default of which the Senior Lender has received a Default Notice has been cured or waived, as determined by the Subordinate Lender in its sole discretion, then provided that Senior Lender has not conducted a sale of the Property pursuant to its rights under the First Mortgage Loan Documents, any First Mortgage Loan Default under the First Mortgage Loan Documents arising solely from such Subordinate Loan Default shall be deemed cured, and the First Mortgage Loan shall be reinstated, provided, however, that the Senior Lender shall not be required to return or otherwise credit for the benefit of the Borrower any default rate interest or other default related charges or payments received by the Senior Lender during such First Mortgage Loan Default.

## **6. Default Under First Mortgage Loan Documents.**

**(a) Notice of Default and Cure Rights.** The Senior Lender shall deliver to the Subordinate Lender a Default Notice within five Business Days in each case where the Senior Lender has given a Default Notice to the Borrower. Failure of the Senior Lender to send a Default Notice to the Subordinate Lender shall not prevent the exercise of the Senior Lender's rights and remedies under the Senior Loan Documents, subject to the provisions of this Agreement. The Subordinate Lender shall have the right, but not the obligation, to cure any such First Mortgage Loan Default within 60 days following the date of such notice; provided, however, that the Senior Lender shall be entitled during such 60-day period to continue to pursue its remedies under the First Mortgage Loan Documents. Subordinate Lender may have up to 90 days from the date of the Default Notice to cure a non-monetary default if during such 90-day period Subordinate Lender keeps current all payments required by the First Mortgage Loan Documents. In the event that such a non-monetary default creates an unacceptable level of risk relative to the Property, or Senior Lender's secured position relative to the Property, as determined by Senior Lender in its sole discretion, then Senior Lender may exercise during such 90-day period all available rights and remedies to protect and preserve the Property and the rents, revenues and other proceeds from the Property. All amounts paid by the Subordinate Lender to the Senior Lender to cure a First Mortgage Loan Default shall be deemed to have been advanced by the Subordinate Lender pursuant to, and shall be secured by the lien of, the Subordinate Mortgage.

**(b) Cross Default.** The Subordinate Lender agrees that, notwithstanding any contrary provision contained in the Subordinate Loan Documents, a First Mortgage Loan Default shall not constitute a default under the Subordinate Loan Documents if no other default occurred under the Subordinate Loan Documents until either (i) the Senior Lender has accelerated the maturity of the First Mortgage Loan, or (ii) the Senior Lender has taken affirmative action to exercise its rights under the First Mortgage to collect rent, to appoint (or seek the appointment of) a receiver or to foreclose on (or to exercise a power of sale contained in) the First Mortgage. At any time after a First Mortgage Loan Default is determined to constitute a default under the Subordinate Loan Documents, the Subordinate Lender shall be permitted to pursue its remedies for default under the Subordinate Loan Documents, subject to the restrictions and limitations of this Agreement. If at any time the Borrower cures any First Mortgage Loan Default to the satisfaction of the Senior Lender, as evidenced by written notice from the Senior lender to the Subordinate Lender, any default under the Subordinate Loan Documents arising from such First Mortgage Loan Default shall be deemed cured and the Subordinate Loan shall be retroactively reinstated as if such First Mortgage Loan Default had never occurred.

## **7. Conflict.**

The Borrower, the Senior Lender and the Subordinate Lender each agrees that, in the event of any conflict or inconsistency between the terms of the First Mortgage Loan Documents, the Subordinate Loan Documents and the terms of this Agreement, the terms of this Agreement shall govern and control solely as to the following: (a) the relative priority of the security interests of the Senior Lender and the Subordinate Lender in the Property; (b) the timing of the exercise of remedies by the Senior Lender and the Subordinate Lender under the First Mortgage and the Subordinate Mortgage, respectively; and (c) solely as between the Senior Lender and the Subordinate Lender, the notice requirements, cure rights, and the other rights and obligations which the Senior Lender and the Subordinate Lender have agreed to as expressly provided in this Agreement. Borrower acknowledges that the terms and provisions of this Agreement shall not, and shall not be deemed to: extend Borrower's time to cure any First Mortgage Loan Default or Subordinate Loan Default, as the case may be; give the Borrower the right to notice of any First Mortgage Loan Default or Subordinate Loan Default, as the case may be other than that, if any, provided, respectively under the First Mortgage Loan Documents or the Subordinate Loan Documents; or create any other right or benefit for Borrower as against Senior Lender or Subordinate Lender.

## **8. Rights and Obligations of the Subordinate Lender Under the Subordinate Loan Documents and of the Senior Lender under the First Mortgage Loan Documents.**

Subject to each of the other terms of this Agreement, all of the following provisions shall supersede any provisions of the Subordinate Loan Documents covering the same subject matter:

**(a) Protection of Security Interest.** The Subordinate Lender shall not, without the prior written consent of the Senior Lender in each instance, take any action which has the effect of increasing the indebtedness outstanding under, or secured by, the Subordinate Loan Documents, except that the Subordinate Lender shall have the right to advance funds to cure First Mortgage Loan Defaults pursuant to Section 6(a) above and advance funds pursuant to the Subordinate Mortgage for the purpose of paying real estate taxes and insurance premiums, making necessary repairs to the Property and curing other defaults by the Borrower under the Subordinate Loan Documents.

**(b) Condemnation or Casualty.** In the event of: a taking or threatened taking by condemnation or other exercise of eminent domain of all or a portion of the Property (collectively, a "Taking"); or the occurrence of a fire or other casualty resulting in damage to all or a portion of the Property (collectively, a "Casualty"), at any time or times when the First Mortgage remains a lien on the Property the following provisions shall apply:

(1) The Subordinate Lender hereby agrees that its rights (under the Subordinate Loan Documents or otherwise) to participate in any proceeding or action relating to a Taking and/or a Casualty, or to participate or join in any settlement of, or to adjust, any claims resulting from a Taking or a Casualty shall be and remain subordinate in all respects to the Senior Lender's rights under the First Mortgage Loan Documents with respect thereto, and the Subordinate Lender shall be bound by any settlement or adjustment of a claim resulting from a Taking or a Casualty made by the Senior Lender; provided, however, this subsection and/or anything contained in this Agreement shall not limit the rights of the Subordinate Lender to file any pleadings, documents, claims or notices with the appropriate court with jurisdiction over the proposed Taking and/or Casualty; and

(2) all proceeds received or to be received on account of a Taking or a Casualty, or both, shall be applied (either to payment of the costs and expenses of repair and restoration or to payment of the First Mortgage Loan) in the manner determined by the Senior Lender in its sole discretion; provided, however, that if the Senior Lender elects to apply such proceeds to payment of the principal of, interest on and other amounts payable under the First Mortgage Loan, any proceeds remaining after the satisfaction in full of the principal of, interest on and other amounts payable under the First Mortgage Loan shall be paid to, and may be applied by, the Subordinate Lender in accordance with the applicable provisions of the Subordinate Loan Documents, provided however, the Senior Lender agrees to consult with the Subordinate Lender in determining the application of Casualty proceeds, provided further however that in the event of any disagreement between the Senior Lender and the Subordinate Lender over the application of Casualty proceeds, the decision of the Senior Lender, in its sole discretion, shall prevail.

**(c) No Modification of Subordinate Loan Documents.** The Borrower and the Subordinate Lender each agrees that, until the principal of, interest on and all other amounts payable under the First Mortgage Loan Documents have been paid in full, it will not, without the prior written consent of the Senior Lender in each instance, increase the amount of the Subordinate Loan, increase the required payments due under the Subordinate Loan, decrease the term of the Subordinate Loan, increase the interest rate on the Subordinate Loan, or otherwise amend the Subordinate Loan terms in a manner that creates an adverse effect upon the Senior Lender under the First Mortgage Loan Documents. Any unauthorized amendment of the Subordinate Loan Documents or assignment of the Subordinate Lender's interest in the Subordinate Loan without the Senior Lender's consent shall be void ab initio and of no effect whatsoever.

#### **9. Modification or Refinancing of First Mortgage Loan.**

The Subordinate Lender consents to any agreement or arrangement in which the Senior Lender waives, postpones, extends, reduces or modifies any provisions of the First Mortgage Loan Documents, including any provision requiring the payment of money. Subordinate Lender further agrees that its agreement to subordinate hereunder shall extend to any new mortgage debt which is for the purpose of refinancing all or any part of the First Mortgage Loan (including reasonable and necessary costs associated with the closing and/or the refinancing); and that all the terms and covenants of this Agreement shall inure to the benefit of any holder of any such refinanced debt; and that all references to the First Mortgage Loan, the First Mortgage Note, the First Mortgage, the First Mortgage Loan Documents and Senior Lender shall mean, respectively, the refinance loan, the refinance note, the mortgage securing the refinance note, all documents evidencing securing or otherwise pertaining to the refinance note and the holder of the refinance note.

#### **10. Default by the Subordinate Lender or Senior Lender.**

If the Subordinate Lender or Senior Lender defaults in performing or observing any of the terms, covenants or conditions to be performed or observed by it under this Agreement, the other, non-defaulting lender shall have the right to all available legal and equitable relief.

#### **11. Notices.**

Each notice, request, demand, consent, approval or other communication (hereinafter in this Section referred to collectively as "notices" and referred to singly as a "notice") which the Senior Lender or the Subordinate Lender is required or permitted to give to the other party pursuant to this Agreement shall be in writing and shall be deemed to have been duly and sufficiently given if: (a) personally delivered with proof of delivery thereof (any notice so delivered shall be deemed to have been received at the time so delivered); or (b) sent by Federal Express (or other similar national overnight courier) designating early morning delivery (any notice so delivered shall be deemed to have been received on the next Business Day following receipt by the courier); or (c) sent by United States registered or certified mail, return receipt requested, postage prepaid, at a post office regularly maintained by the United States Postal Service (any notice so sent shall be deemed to have been received two days after mailing in the United States), addressed to the respective parties as follows:

SENIOR LENDER:

MMA Mortgage Investment Corporation  
33 North Garden Avenue, Suite 1200,  
Clearwater, Florida 33755  
Attention: Janice Wetzel

*Bill in Context*

With a copy to:

Fannie Mae  
Attention: Multifamily Operations - Asset Management  
Drawer AM  
3900 Wisconsin Avenue, N.W.  
Washington, DC 20016

SUBORDINATE LENDER:

County of Monroe  
c/o Special Programs Office  
1403 12<sup>th</sup> Street  
Key West, Florida 33040  
Attention: \_\_\_\_\_

Either party may, by notice given pursuant to this Section, change the person or persons and/or address or addresses, or designate an additional person or persons or an additional address or addresses for its notices, but notice of a change of address shall only be effective upon receipt.

**12. General.**

**(a) Assignment/Successors.** This Agreement shall be binding upon the Borrower, the Senior Lender and the Subordinate Lender and shall inure to the benefit of the respective legal successors and assigns of the Senior Lender and the Subordinate Lender.

**(b) No Partnership or Joint Venture.** The Senior Lender's permission for the placement of the Subordinate Loan Documents does not constitute the Senior Lender as a joint venturer or partner of the Subordinate Lender. Neither party hereto shall hold itself out as a partner, agent or Affiliate of the other party hereto.

**(c) Senior Lender's and Subordinate Lender's Consent.** Wherever the Senior Lender's consent or approval is required by any provision of this Agreement, such consent or approval may be granted or denied by the Senior Lender in its sole and absolute discretion, unless otherwise expressly provided in this Agreement. Wherever the Subordinate Lender's consent or approval is required by any provision of this Agreement, such consent or approval may be granted or denied by the Subordinate Lender in its sole and absolute discretion, unless otherwise expressly provided in this Agreement.



**(d) Further Assurances.** The Subordinate Lender, the Senior Lender and the Borrower each agree, at the Borrower's expense, to execute and deliver all additional instruments and/or documents reasonably required by any other party to this Agreement in order to evidence that the Subordinate Mortgage is subordinate to the lien, covenants and conditions of the First Mortgage, or to further evidence the intent of this Agreement.

**(e) Amendment.** This Agreement shall not be amended except by written instrument signed by all parties hereto.

**(f) Governing Law.** This Agreement shall be governed by the laws of the State in which the Property is located.

**(g) Severable Provisions.** If any provision of this Agreement shall be invalid or unenforceable to any extent, then the other provisions of this Agreement, shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

**(h) Term.** The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all of the principal of, interest on and other amounts payable under the First Mortgage Loan Documents; (ii) the payment of all of the principal of, interest on and other amounts payable under the Subordinate Loan Documents, other than by reason of payments which the Subordinate Lender is obligated to remit to the Senior Lender pursuant to Section 4 hereof; (iii) the acquisition by the Senior Lender of title to the Property pursuant to a foreclosure or a deed in lieu of foreclosure of, or the exercise of a power of sale contained in, the First Mortgage; or (iv) the acquisition by the Subordinate Lender of title to the Property pursuant to a foreclosure or a deed in lieu of foreclosure of, or the exercise of a power of sale contained in, the Subordinate Mortgage, but only if such acquisition of title does not violate any of the terms of this Agreement.

**(i) Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

[SIGNATURES ON NEXT PAGE]



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

SUBORDINATE LENDER:

**WITNESSES:**

**COUNTY OF MONROE**

\_\_\_\_\_  
Print Name: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

\_\_\_\_\_  
Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

(SEAL)  
ATTEST: DANNY L. KOLHAGE, CLERK

BY \_\_\_\_\_  
DEPUTY CLERK

STATE OF FLORIDA )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

I HEREBY CERTIFY that on this day personally appeared before me, an officer duly authorized to administer oaths and take acknowledgments, \_\_\_\_\_, as \_\_\_\_\_ of County of Monroe, to me personally known, or who furnished to me Driver's License # \_\_\_\_\_ or \_\_\_\_\_ as proof of identity, to be the person described in and who executed the foregoing instrument and duly acknowledged before me that he/she executed the same for the purposes therein expressed as the act and deed of said public corporation.

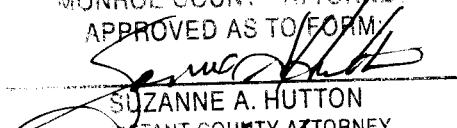
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at \_\_\_\_\_, Florida, said County and State, this \_\_\_\_\_ day of \_\_\_\_\_, A.D., 2005.

\_\_\_\_\_  
Notary Public - State of Florida

\_\_\_\_\_  
Print Name of Notary Public:

\_\_\_\_\_  
My commission expires:

[seal]

MONROE COUNTY ATTORNEY  
APPROVED AS TO FORM  
  
SUZANNE A. HUTTON  
DISTANT COUNTY ATTORNEY  
10/03/05



DETROIT.601797.5

**EXHIBIT "A"**

**Legal description**

All of Tract "E", TRADE WINDS, according to the Plat thereof as recorded in Plat Book 7, at Page 42, of the Public Records of Monroe County, Florida.